



IOWA TELECOMMUNICATIONS AND TECHNOLOGY COMMISSION

Richard L. Bruner
CHAIR

Kathleen Kohorst
Kelly Dolan Lange

Timothy L. Lapointe
Robert F. Holz

Mary Mosiman
Robert von Wolfradt

Philip Groner, Acting Executive Director

Governor Kim Reynolds

Lt. Governor Adam Gregg

**Iowa Telecommunications & Technology Commission
Grimes State Office Building, 1st Floor
400 E. 14th Street, Des Moines, IA 50319**

FINAL

April 19, 2018

To ensure the most efficient use of State resources, the April 19, 2018 ITTC meeting was held via video conference pursuant to Iowa Code section 21.8. A video conference also ensured that more Commissioners were able to participate in the meeting and reduced the risk of delays caused by weather or other impediments to travel. The meeting was accessible to members of the public through attendance at the Grimes State Office Building.

- **Roll Call:**

- **Commissioners Present:**

Richard Bruner, Chair (on-site)
Kelly Dolan Lange, Member (Zoom Phone)
Kathleen Kohorst, Member (on-site)
Bob Holz, Member (on-site)
Timothy Lapointe, Member (on-site)
Robert von Wolfradt, Ex-Officio Member (Zoom Phone)
Mary Mosiman, Ex-Officio Member (Zoom Phone)

- **Iowa Communications Network Staff Present:**

Phil Groner, Acting Executive Director
Deb Evans, Agency Division Administrator, Chief Financial Officer (CFO)
Mark Johnson, Carrier Services Division Administrator, Chief Operating Officer (COO)
Randy Goddard, Business Services Bureau Manager
Mike Cruise, Finance Bureau Manager
Scott Pappan, Engineering/Operations Bureau Manager
Dave Marley, Field Services Officer
Jontell Harris, Executive Officer 2 (Recorder)
Lori Larsen, Executive Officer 2

- **Guest Attendees:**

Ray Warner, Aureon

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- **Call to Order:**

- Chair Bruner called the meeting to order at 10:35 AM. It was noted that a quorum of members were present for the meeting.
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- **Approval of the March 15, 2018 Meeting Minutes:**

- Chair Bruner requested a motion to approve the March 15, 2018 meeting minutes. Commissioner Kohorst moved to approve the minutes. Commissioner Lapointe seconded the motion. The motion passed unanimously.

Commissioner Holz – Yes
Commissioner Kohorst – Yes
Commissioner Lange – Yes
Commissioner Lapointe – Yes
Commissioner Bruner – Yes

- **New Business:**

- **Agency Updates**

- **Agency Division Update – Deb Evans**

- CenturyLink, ICN and the Chief Information Officer's (OCIO) office have completed testing on the encryption for Managed Voice Services (MVS). The portal will be complete in the next few weeks.
 - Deb Evans will meet with the Department of Transportation (DOT) to wrap up any questions or outstanding items on the Shared Use Projects contract.
 - The ICN continues to work with the Department of Administrative Services (DAS) on the 911 contract language. The project is moving forward.
 - The Iowa Rural Health Telecommunications Program (IRHTP) has requested that their contract with the ICN be strengthened.
 - E-Rate bid analyzation should be complete by May. Special attention will be given to pricing and the bids that ICN did not win to ensure that the ICN stays competitive with pricing.
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- Finance has been working on the Fiscal Year (FY) 2019 budget.
- ICN will be utilizing ServiceNow performance analytics to put together reports to track current work and to assist with future decision-making.
- Several community colleges and state agencies are increasing bandwidth.
- A new business opportunity with Iowa Workforce Development (IWD) is in progress.

■ Financial Report – Mike Cruise

- The operating margin for March was \$12,573. The margin, in comparison to the budget of -\$303,801, is favorable.
- The year-to-date operating margin for March was -\$1,636,189. The budgeted year-to-date operating margin through March 31, 2018 is negative \$2,734,209. The overall operating margin for March is -7%.
- As requested by Commissioner Lapointe, a sheet was added to the Finance report, comparing the monthly and year-to-date finances to FY 2017.
- In March of 2017, the operating margin was \$ 257,409.08. FY 2018 is below the FY 2017 operating margin at \$12,572.77.
- The FY 2017 year-to-date report reflected a -\$1,394,986.72 operating margin in comparison to the year-to-date FY 2018 margin of -\$1,636,188.79.
- The year-to-date variance is favorable by \$1,098,020 or 40%.
- In comparison to last fiscal year through March, the FY 2018 operating margin of -\$1,636,189 is \$241,202 less than the -\$1,394,987 in FY 2017.

COMMENTS:

Commissioner Lapointe: Thank you for putting this together. I know every year is different but it is beneficial to compare to last year to show that nothing is going grossly awry.

Mike Cruise: I will add the comparison between FY 2017 and FY 2018 finances to the monthly Finance report.

Commissioner Holz: Is there any reason why the March is so variant?

Mike Cruise: Revenues are down but direct expenses have increased for FY 2018. Those are major factors.

Commissioner Lapointe: It may be helpful to have an explanation of why expenses are so much higher for the next meeting.

■ FY 2019 Budget – Mike Cruise

- Revenues are projected to be down about \$541,000 from what was projected as actual revenue in FY 2018.
- Direct expenses are projected to be down \$423,000.
- Spending for ServiceNow has been limited to \$500,000 for FY 2019.
- The FY 2019 budget accounts for 82 full-time employees (FTE's), which will save the agency \$257,000 from the projected payroll costs.

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- The FY 2019 budget does not reflect any equipment expenditures from operating funds. No new large equipment projects are expected. The agency will focus on completing current projects using appropriation funds.
- Equipment expenditures will be added to the budget for normal operation costs to reflect repairs and consumables for smaller projects.

COMMENTS:

Phil Groner: The Commission will be asked to approve the FY 2019 budget in the May meeting. The ICN is required to submit the budget to the Department of Management (DOM) by the end of May or early June.

Chairman Bruner: Phil, can you speak to the softening of revenues?

Phil Groner: The ICN did lose some business with the E-Rate cycle this year. Randy Goddard, Deb Evans and Mike Cruise have begun looking at ICN rates to see where we can be more competitive. In addition to that, we had a lot of projections for the new cybersecurity products and services. We initially had a lot of interest, however, due to budget tightening and government budgets being reduced, some users withdrew those commitments. Some of the users perceived the cybersecurity services as luxury items. It's only a luxury until you are hit with a cybersecurity attack, then you realize that it's a necessity. Those are the two big factors in the reduction of revenue. We still have a plan and will continue to look at introducing new cybersecurity products and services in the future.

Chairman Bruner: I know that it is a process. Looking ahead we have several major revenue streams coming on board in the next 12-18 months. When do we look at rates?

Deb Evans: The ITTC has only, in the past, looked at video rates. Reviewing the rates would be the responsibility of the new Finance subcommittee of the ITTC. We try to review rates on one service each year. Last year we reduced pricing for Internet. The year before we reviewed the MVS financials and determined that we could reduce the pricing for state government. This year we will probably review Ethernet pricing.

Randy Goddard: ICN Internet services are actually priced lower than the Ethernet services. The numbers need to balance. This year has been difficult with budgets. We have held several consultations with schools regarding Firewall services. They had expressed interest in the service but when it came down to budget time, they decided to keep the aged equipment that they already had in place.

Chairman Bruner: Does that service qualify for E-Rate?

Randy Goddard: It does qualify for E-Rate depending on how the service is requested. Basic Internet with Firewall qualifies as category 1 funding and we are seeing more interest in Managed Firewall Services which qualifies as category 2 funding. It is not guaranteed that they would receive funding for that.

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○ ICN Carrier Updates

■ Carrier Division Update – Mark Johnson

- SP 43:
 - The concrete pad has been poured for the new hut location near Tiffin resulting from the Department of Transportation's (DOT) reconstruction of the 80/380 interchange.
 - The structure will be delivered mid-May.
 - SP 43 is on schedule to be completed in fall 2018.
- E-Rate:
 - Two temporary engineers are working on orders to remove all video equipment from the network.
 - In an effort to keep other orders moving, the two engineers are also being trained to process E-Rate orders to help the ICN stay up-to-date on customer installations.
- Power Upgrades:
 - All generators and batteries for the 12 Phase I locations have been purchased and scheduled for installation.
 - The power upgrade is critical for several other projects including the ICN Core upgrade and the 911 initiative.
- Network Operations Center (NOC) Operations:
 - The video wall that was located in the ICN Security Bureau office has been relocated to the NOC at the Joint Forces Headquarters (JFHQ). Once it is fully functional, the NOC staff will have access to the information that appears on the Broadband Information Center (BRIC) display.
 - Co-location facilities are nearing completion at JFHQ, allowing the ICN to meet customer requests.
 - Dave Marley has been working hard to ensure that NOC operations stay current with ongoing operational and product developments such as MVS, ensuring the ability to respond to customer issues.

■ ICN Major Initiatives Update - Phil Groner

- The ICN has selected a new integrator for the ServiceNow platform through the open bidding process. IntegRhythm, based in Minneapolis, has also done work with the DOT.
- The ICN is in the process of finalizing the first Scope of Work (SOW) with IntegRhythm as well as closing out the remaining work with Aeritae, the previous ServiceNow integrator.
- The short term goal is to implement enhancements to the customer service portal as well as additional workflows for internal use at the ICN.
- The long term goal is for IntegRhythm to assist with the integration of the new financial software.

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- **Other Business:**

- **Legislative Update - Mark Johnson**

- House File (HF) 2254 for the consolidation of wireless and wireline 911 systems was signed by Governor Reynolds on April 4 with an immediate effective date. The contract review is in process.
 - Senate File (SF) 2235 establishes the crime of critical infrastructure sabotage as a class B felony and includes telecommunications and broadband facilities as critical infrastructure. The bill was signed on April 17.
 - HF 2477, the State Auditor's bill related to whistleblower protection, has been passed by the House and is on the Senate calendar making it eligible for debate.

COMMENTS:

Chairman Bruner: So the whistleblower law is still alive?

Mark Johnson: It is out of committee.

Chairman Bruner: It just needs to be voted on by the full senate.

Mark Johnson: Correct.

Commissioner Lapointe: Is this the first year that per diem has gone away?

Mark Johnson: It's not an uncommon occurrence for the legislators to work past the per diem limitation.

- **Subcommittee Discussion – Commission/Staff**

- Three subcommittees are recommended:
 - Finance Subcommittee – responsible for reviewing the ICN budget, financial considerations, pricing for products and services, as well as financial audit related issues.
 - Assignments: Deb Evans, Mike Cruise and two (2) Commissioners.
 - Customer Subcommittee – responsible for reviewing authorized and certified user issues, waiver requests and new service offerings.
 - Assignments: Randy Goddard and two (2) Commissioners.
 - Personnel Subcommittee – responsible for reviewing personnel issues and staffing requirements, as well as Executive Director performance and oversight.

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- Assignments: Mark Johnson and two (2) Commissioners.
- Subcommittee meetings would be held for 30-45 minutes by phone in between the standard scheduled Commission meetings.

COMMENTS:

Commissioner Lapointe: I would ask to serve on the Personnel subcommittee. I believe that is the most pressing matter at the moment. With my experience on the previous search committees, I believe that my time would be best served on that subcommittee.

Chairman Bruner: If anyone has any preferences please let me know.

Commissioner Lapointe: Phil, were you thinking that some Commissioners would serve on more than one subcommittee?

Phil Groner: Our recommendation is to have two Commissioners on each committee in the event that one Commissioner cannot attend or has a conflict, the subcommittee is still covered. There is no rule that says that there has to be two Commissioners on each subcommittee. Certainly the ex-officio members can serve on a subcommittee as well.

Commissioner Lange: Will we begin meeting within the next month or so?

Chairman Bruner: I think we're just developing our ground rules for each committee and then accepting volunteers. This month we will be organizing and next month we can begin meeting.

Commissioner Kohorst: I think this is a wonderful idea having two Commissioners dive deeply into each of these issues.

Commissioner Holz: As I was thinking about this, last time I had a question on where audit and corporate compliance comes in. I'm satisfied that it comes in on all three subcommittee categories. I would like to see, before the May meeting, a summary taking each of the recommendations listed in the audit report as well as the policies and procedures that apply in each of those recommendation sections. A memo was distributed about what steps were taken previously but I don't think we have a listing of policies and procedures at a high level. In June, we can expand that summary to list the requirements. Perhaps a manual or booklet can be organized and provided to review and enforce these rules.

Commissioner Lapointe: I like that idea. It will help us form questions at future meetings as well to make sure that we are on track.

Phil Groner: We can certainly do that. We have done that individually for administrative rules but we can consolidate and address them as per the audit recommendations with the subtending rules and regulations.

■ Commissioner Kohorst Recognition – Commission/Staff

Chairman Bruner recognized Commissioner Kohorst whose term ended on April 30, 2018 and has served on the Commission for six (6) years. Bruner stated that Kohorst has been an excellent addition to the

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Commission and has been enjoyed as a member not only for her expertise but also for her humor. Commissioner Kohorst was presented with several cards of appreciation and a plaque from the ITTC.

COMMENTS:

Commissioner Kohorst: It has been a privilege. I have enjoyed working with everyone here. It is bittersweet, I am sad about it but all good things must come to an end and I appreciate all of your help and support.

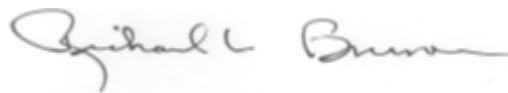
Commissioner Lapointe: Thank you for your friendship, professionalism, your wit and all you've done for the Commission.

Chair Bruner: Governor appointee, Heather Fransen, will not be joining the Commission due to an independence issue with her firm. She has declined and resigned from the Commission. The Governor's Office, Boards and Commissions Division has asked for recommendations for an individual to replace Commissioner Kohorst.

- **Adjournment:**

Commissioner Kohorst moved that the meeting be adjourned. The ITTC meeting adjourned at 11:13 AM.

ATTESTED TO:



Richard Bruner, Chair, Iowa Telecommunications and Technology Commission

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